

Report No. 64388-AL



Albania Keeping Account of Education Governance

Household Perceptions in a Period of Reform

Human Development Department
Europe and Central Asia Region

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Albania
CURRENCY AND EQUIVALENT UNITS
(as of 30 January 2011)

Albanian Lek = 100.00
US\$ = 0.96
EUR = 0.72

WEIGHTS AND MEASURES
Metric System

ABBREVIATIONS

INSTAT	Albanian Statistic Institute
IDRA	Institute for Development Research Alternatives
GDP	Gross Domestic Product
GPF	Governance Partnership Facility
GNP	Gross National Product
LSMS	Living Standards Measurements Survey
MoES	Ministry of Education and Science
SIG	School Improvement Grant

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Table of Contents

Part I. Introduction, Main Findings and Messages for Policy Makers.....	5
Part II. Improving Governance of Albania’s Education Sector	9
Part III. Perceptions & Experiences of Education Governance Reform.....	16
Part IV. Conclusions that Inform Policy.....	23
References.....	24
Statistical Appendix 1	29

Table of Figures

Figure 1. Teachers are Considered Relatively Less Corrupt than Doctors.....	10
Figure 2. The Ministry of Education and Science is Considered More Transparent	10
Figure 3. School Performance Across Countries, Controlling for Income	11
Figure 4. Pupil-Teacher Ratios in Primary and Secondary School, Selected Countries.....	12
Figure 5. Teacher Pay in Albania and Selected Countries	13
Figure 6. Changes in Perceived Fairness of Grading of the State Matura.....	17
Figure 7. Perceptions of Changes in Textbook Quality, Printing and Content.....	18
Figure 8. Perceptions of Changes in Textbook Costs	18
Figure 9. Perceptions of Changes in Teacher Motivation	19
Figure 10. Incidence of Private Tutoring, 2002 – 2008	20
Figure 11. Change in Household Spending on Private Tutoring as a Share of Total Spending, 2002-2008	21
Figure 12. Change in Household Spending on Private Tutoring as a Share of Education Spending, 2002-2008.....	22
Figure 13. Household Spending on School Textbooks as a Share of Total Education Spending Per Student ..	23
Figure 14. Coverage and Importance of Textbook Subsidies.....	23

Table of Tables

Table 1. Parents are More Satisfied with the State Matura, but Problems Still Reported.....	17
Table 2. Incidence of Private Tutoring by Provider, 2002-2008	21
Table 3. Distribution of Spending on Textbook Subsidies in 2008	23

Statistical Appendix 1

Table A.1.1 Household Perceptions of Changes in the State Matura Examination	29
Table A.1.2. Household Perceptions of School Textbooks	30
Table A.1.3. Household Perceptions of Teacher Motivation.....	30
Table A.1.4. Incidence of Private Tutoring, 2002 – 2008	30
Table A.1.5. Incidence of Private Tutoring by Provider, 2002-2008.....	31
Table A.1.6. Household Spending on Private Tutoring, 2002-2008	31
Table A.1.7. Household Spending on School Textbooks as a Share of Total Education Spending Per Student ...	31
Table A.1.8. Household Spending on School Textbooks, Before and After Subsidies	32

PART I.

INTRODUCTION, MAIN FINDINGS AND MESSAGES FOR POLICY MAKERS

- 1. This report focuses on household perceptions and experiences of governance in the provision of education services during a period of sustained reform lead by the Ministry of Education and Science (MOES).** From 2005 to 2008 MOES made substantial changes to improve teacher motivation and to increase both quality and transparency in the supply of education services. This report presents the results of analysis using new data from a specially designed module that was added to the 2008 wave of the Albania Living Standards Measurement Survey (LSMS) to better capture changes in education governance. The report is accompanied by a separate technical volume [*or* “is complemented by more academically oriented research, published in the World Bank policy research working paper series”] which presents the results of the *Albania School Stakeholder Survey and Lab-type Experiments*, carried out on a nationally representative sample of primary schools in the autumn of 2009. The School Stakeholder Survey and Lab-type Experiments provide policy makers with a unique source of information on the interactions of parents, teachers, administrators and community members; how these different stakeholders use school governance structures; parent demand for greater accountability and better governance; and the extent to which significant differences in accountability and governance across schools are associated with education outcomes. A summary of results and key insights that can be drawn from this work is provided in Box 1 at the end of this part of the report.
- 2. The main findings and messages of this report are presented in Part I, and supporting analysis is available in the remainder of the report.** Following the introduction and summary of conclusions, the Part II describes the Government’s efforts to improve transparency and governance in the education sector, and aspects of education provision in Albania that are important to understanding the results presented in later sections. Part III starts with descriptive data that capture the perceptions of Albanians who have sought and received education services, but builds on this subjective material with objective measures of households’ experiences of weak governance in the education sector, including the costs they incur from these failures. Part IV synthesizes important messages for policy makers from this material. A statistical appendix is included at the end of the report for readers who are more technically inclined and who have an appetite for the data underlying the discussion in the main text.
- 3. From the outset, it is important to point out the limitations of the analysis presented in this report.** The data from the new LSMS module cannot be used to establish causal links to judge the outcomes of education governance reforms since 2005. Some measures have been taken to try to overcome these limitations using statistical techniques, but these cannot substitute for developing a strategy to evaluate the impact of structural reforms and putting it in place before their implementation. The Albania School Stakeholder Survey and Lab-type Experiments could be used in future as a baseline in such a strategy, to rigorously measure and evaluate the impact of school autonomy reforms or other initiatives on primary education. However, with these limitations in mind, analysis of the data from the LSMS 2008 module provides valuable feedback to the Government on its efforts to strengthen governance in the education sector.

Summary of findings and insights for policy

- 4. The Government's efforts to increase the transparency of the State Matura university entrance exam are positively assessed by parents.** The majority of respondents to the LSMS think that the accuracy and fairness of grading of the exam has increased. The data also indicate that -the Government's concerns notwithstanding- the incidence of private payment for tutoring from teachers is relatively rare, and has been falling during the period of rising teacher wages, and improvements to the impartiality and transparency of student assessment. For policy makers concerned that teachers suffering from low morale could be using their position to elicit demand for preferential treatment in the form of paid tutoring, this finding is good news.
- 5. After rising rapidly from 2002 to 2005, there has been a decline in the incidence of private tutoring at all education levels.** This trend is generally positive, and given the emphasis given by authorities to this issue, the decline since 2005 is a good sign. This said among the minority of students that take up tutoring, the share in secondary school that received privately paid tutoring from their own teachers rose in 2008 when compared with the level in 2002. The real cost of tutoring has also risen since 2002, and risen most for the poorest households. However, important qualifications to these observations and reasons why private tutoring may not necessarily indicate a governance problem are offered in the report.
- 6. The Government's efforts to improve the procurement of school textbooks, has also received high ratings from parents.** An opaque system of procurement allowed collusive practices to flourish that eroded quality and inflated prices, strongly motivating the education authorities to take action. The replacement of this system with a more transparent, market-based model that offers greater choice to teachers and parents has been generally very well received. Parents rate the quality of content and printing highly, although they also report these improvements have come at higher prices. Likewise, the Government has established a fund to finance teaching inputs based on a per student formula, and schools are able to order the materials of their choice on the basis of the allocated budget, further strengthening transparency and school choice.
- 7. A text-book subsidy program introduced by the Government mitigates the cost of school textbooks.** Analysis from the 2008 LSMS shows that the subsidy reduces the burden of spending most for the poorest households. However, the progressive impact of the text-book subsidy could be further improved. Expected improvements to the targeting mechanism used to determine eligibility for Albania's main social assistance transfer, the *Ndihma Ekonomika*, could lead to an even more progressive distribution, as the same eligibility criteria are used to identify many of the households that the Government seeks to help with the subsidy. In addition to improvements to targeting, changes to how the subsidy is structured and paid –currently, a reimbursement of incurred textbook expenses, that puts the full burden of the transactions costs on parents- could improve the progressive impact of the program, particularly in remote areas where flows of information between REDs, book sellers and households are not as timely or smooth.
- 8. First, changes to institutions that shift importance away from discretion and reliance on personal connections, towards uniformly applied, clear standards are likely to be welcomed for bringing greater credibility and fairness.** The positive assessment of the State Matura reform is an example of this that bodes very well for the Government's more recent decision to introduce centrally administered, anonymous student evaluation at the end of basic education (year 9).

- 9. Second, improvements in quality can be had from introducing more market forces and choice in the procurement of inputs.** The improvements in quality that have come about from giving teachers more choice over the selection of text books, and the introduction of market-competition to textbook procurement, provide lessons that can be applied to similar reforms in how other education inputs are procured.
- 10. Third, transparency and the availability of information are critical to improving governance through greater accountability.** The Government's reforms in the education sector have a common feature: transparency. When performance is observable by stakeholders, incentives and mechanisms to improve are more easily generated. This report has presented evidence of a positive response to the greater transparency in the education sector brought about in the last few years. Further positive responses could come from the publication of the Matura examination results (and the new end-year 9 exam results) for each region and school in a manner that would allow the comparison of the performance of schools and regions. Hopefully, students and their families would become aware of differences in quality and opportunity, and apply pressure to reform poorly performing schools.
- 11. The Ministry of Education and Science is seeking to further improve governance by strengthening parent and community engagement in participatory accountability structures.** The Ministry has implemented reforms designed to strengthen the independence of school boards and parent committees, and is considering measures to increase school autonomy as well as make education financing more responsive to the priorities of stakeholders. To create an enabling environment for greater parent and community engagement in school governance, the composition of school boards has been changed so that school principals should no longer be part of the boards, and that parents and community members have more representation and voice. The boards have been given greater responsibility for monitoring the actions of school administrators, and are expected to eventually play a role in the selection of principals and teachers. School boards have also been given the responsibility for reviewing and approving annual school plans and approving school budgets.
- 12. Stakeholder demand for accountability is explored in the results of the Albania School Stakeholder Survey and Lab-type Experiments, fielded in the Autumn of 2009.** The survey provides critical information on the existence and functioning of the participatory accountability structures – school boards – that the authorities are trying to empower. The survey found that contrary to MoES directives, in about 30 percent of schools, the school director still participated in school board meetings and expressed his or her vote. There were no significant differences in this indicator between rural and urban schools. Encouragingly, in about 81 percent of the schools, according to the answers of parent school board members, parent representatives were elected by parents rather than appointed by teachers; and in 43 percent of the schools teacher school board members were elected by teachers rather than appointed by the school directors. However, these proportions were significantly higher in urban schools as compared to rural schools.
- 13. The school stakeholder survey revealed that the variation in how school boards were composed was accompanied by substantial differences in the extent to which parents were informed about school governance.** About 43 percent of the parents did not know school boards existed, and 28 percent did not know that there were class parent representatives. Only about 80 percent of parents who were informed about the existence of the school boards knew that there were parent members, and of these, 72 percent did not know their names. Only

half of parents report participating in electing parent class representatives, and about 70 percent of those who did not participate were unaware either of the existence of parent class representatives or of the fact that they should be elected by parents. Moreover the survey found that even among parents who participated in electing parent class representatives, knowledge of the school boards and their responsibilities was low. This indicates that information problems are severe, even among parents who are participating in school governance in some way. The lack of information among parents captured by the survey was more severe in rural schools than in urban schools.

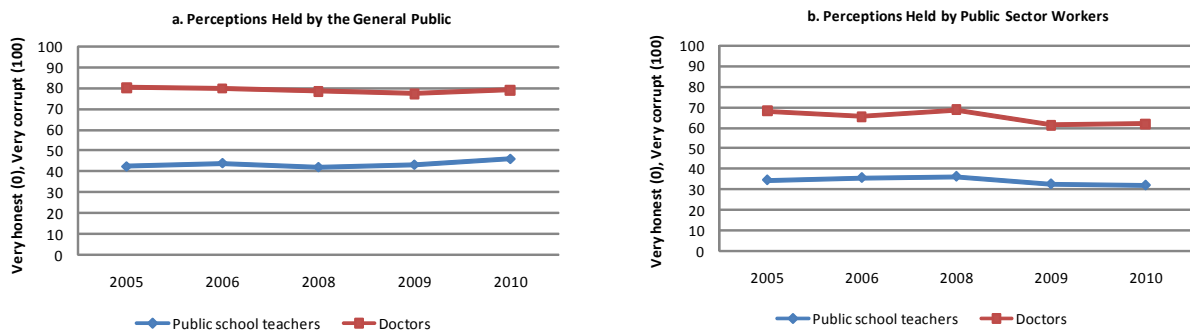
- 14. The lab-type behavioral experiments were designed to answer the question: *If parents were better informed about participatory school accountability structures, would they participate in holding schools and teachers to account?*** Not surprisingly, in the games parents' decision to forgo personal resources to hold teachers to account (to fine) was more likely among wealthier and better educated parents. Unexpectedly, parents who participate in actual school accountability structures (as parent class representatives or on school boards) were no more likely to engage in fining in the game. Further parents who were less informed about the schools their children attended were no less willing to participate in fining in the games. However, the extent to which participating parents held teachers accountable in the games depended significantly on whether the *de jure* participatory structures – parent class representatives and school boards - have been *de facto* compromised. Specifically, parent class representatives on the school boards that had been appointed to their position by teachers, rather than elected by parents, were significantly less demanding of teachers when they observed teachers behaving selfishly in the games. Moreover, parents who perceived irregularities and malfeasance in the appointment of teachers were significantly more demanding of teachers in the game.
- 15. These findings from the Albania School Stakeholder Survey and Field Experiment should encourage MOES to further pursue empowering participatory accountability structures.**
- **First, the degree to which the parents of primary school students in Albania are willing to participate in the game bodes well for the Government's objectives of increasing parent engagement in school accountability and governance structures.** This is good news for the Government, and supportive of the steps it has taken and is still planning to strengthen school governance and autonomy.
 - **Second, the quality of accountability structures and how school governance is perceived matters to parents' decisions to become involved.** This should underscore to the authorities the importance of monitoring implementation of the school governance reforms to ensure *de facto* departures from their design and intent are minimized.
 - **Third, there is considerable scope for improving the degree to which parents are informed about the school governance reforms and how they can now assume a more active role in holding teachers and school administrators to account.** This lack of information is found even among parents who are currently participating as elected class representatives.
- 16. The results of the survey and lab-type experiments are explained in full detail in a World Bank Policy Research Working Paper (Serra, Barr and Packard, 2011).**

PART II.

IMPROVING GOVERNANCE OF ALBANIA'S EDUCATION SECTOR

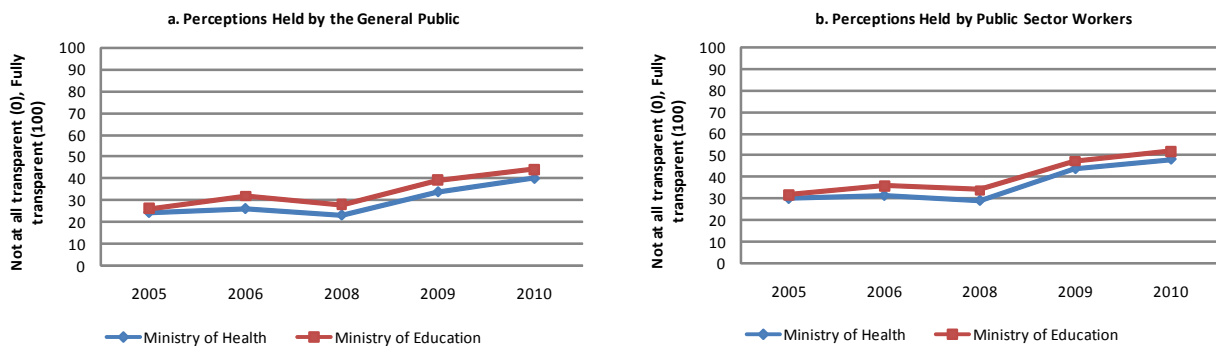
17. In the years that followed the transition in many formerly socialist countries, there was a sharp decline in the coverage and the quality of social services. Albania began the transition with a population with more years of schooling than that in other developing countries with a comparable income per capita. In Albania and across the region, school enrolment rates dropped and in some cases have still not recovered to pre-transition levels; progress in reducing mortality and morbidity has been slow; and households still face high out-of-pocket spending at the point of health service delivery. In response to this deterioration, many of the countries in Central and Eastern Europe have taken significant strides to improve the performance of social services. The measures taken differ greatly, but a common theme has been to bring responsibility for service delivery closer to beneficiaries, through financing reforms; de-concentration, delegation and even outright devolution of functions to local authorities; and privatization to create new, competitive markets, attracting for-profit and nonprofit service providers. Whichever the set of reform options that have been chosen, years of experience and lessons are yielding an emerging consensus: that close attention has to be paid to strengthening governance structures in order to bring about lasting improvements in performance.
18. Weak governance in the delivery of social services often imposes a high, direct cost on families. Although poor governance in other areas of public administration affects households as well, weak governance in the social sectors arguably imposes a heavier burden. Unlike foreign investors and firms¹, households -particularly families with children- interact with health and education service providers more frequently than they do with other providers of public services. Household demand for education and health is arguably more inelastic compared to their demand for other public services. And the burden of weak governance in the social sectors is likely to be heaviest on the poorest households, for whom the costs of privately-provided alternatives are prohibitive. For these reasons, strengthening governance in the social sectors is critical to improving performance and the impact of services on welfare.
19. This section of the report describes the most salient features of Albania's education system and its governance, and the Government's efforts to bring about lasting improvements in the sector with increased transparency and accountability. Among Albania's institutions, education institutions are held in high esteem by citizens, even when compared with other social service providers. For example, on a scale of 0 to 100 -where 0 is very honest and 100 is very corrupt- the public gave an average score of 62.4 to 20 institutions and groups in a survey collected by the Institute for Development Research Alternatives (IDRA) in the first quarter of 2010, indicating generally high levels of perceived corruption (IDRA, 2010). Religious leaders were perceived as the most honest (30), and customs officials were the most corrupt (84). Public school teachers and doctors lie in between these two extremes, but on very different ends of the spectrum. Teachers were considered more honest, scoring 46, while doctors were considered more corrupt, scoring 79. These perceptions vary between respondents who work in the public sector and those in the general population. However, they have remained fairly stable in the five years these surveys have been conducted (Figure 1).

¹ Among respondents to the BEEPs in Albania, 71% of firms reported corruption as a problem in 2005. This share fell to 66% of firms in 2008.

Figure 1. Teachers are Considered Relatively Less Corrupt than Doctors

Source: Institute for Development Research Alternatives

20. Perceptions of the government agencies charged with managing social services have also improved. A transparency indicator measures perceived transparency, where 0 is not at all transparent and 100 is fully transparent. The average score was 38.7, the Ministry of Education and Science (MoES) scored above the average with 44, and the Ministry of Health (MoH) scored below the average with 40. In both cases, there has been a significant improvement in perceived transparency since 2005 (Figure 2).

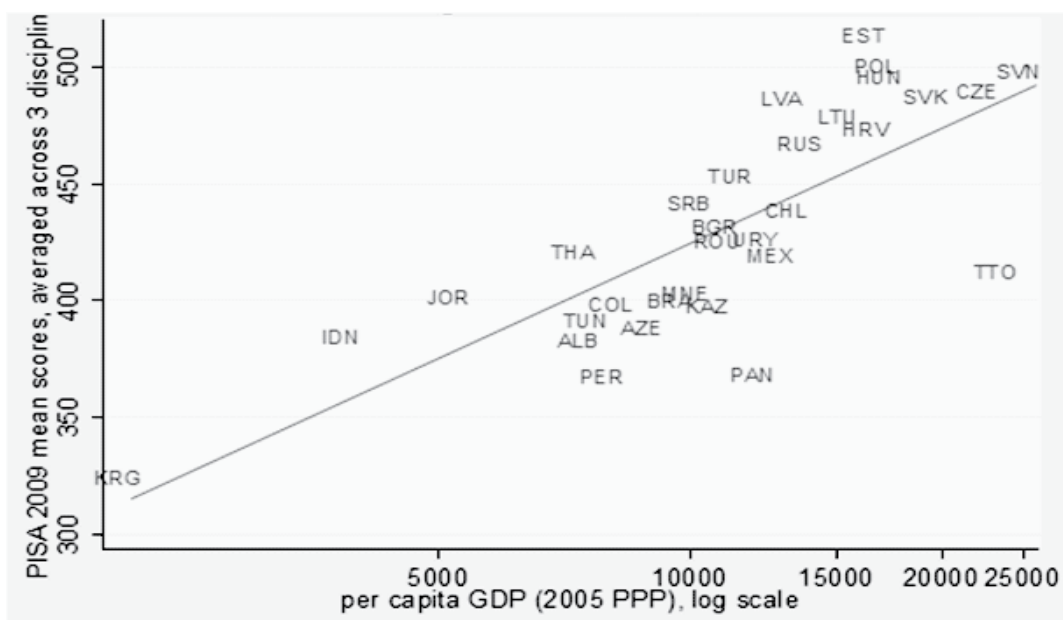
Figure 2. The Ministry of Education and Science is Considered More Transparent

Source: Institute for Development Research Alternatives

21. MoES is the main government body responsible for implementing education policies and for managing the education system. This responsibility is exercised by staff in the Ministry and in thirteen de-concentrated administration entities –Regional Education Departments, REDs- that function at the local level. In addition, there are several subordinate institutions which operate in the education sector. The Institute of Development of Education is responsible for drafting and developing curricula and standards for pre-university education (excluding vocational and professional secondary schools) and management of teacher training.
22. All basic and general secondary schools in Albania are funded from the national budget (vocational secondary schools are governed differently). Teacher salaries are paid from transfers from the budget to REDs. Locally elected authorities administer resources for non-salary education expenses. For these, municipalities and communes receive two types of transfers. The first type of transfer is the “unconditional grant”, which covers school utilities and recurring costs (water, electricity, sewage, heating, bussing, etc.), maintenance and cleaning. However, these are not tied transfers. Municipalities and communes can use unconditional transfers completely at their discretion. There are no formal minimum standards guiding what portion of these transfers should be applied school operations and maintenance.

23. The second type of transfer is an “investment grant”, specifically aimed at capital investments to improve education facilities. These are allocated by MoES to municipalities and communes through a competitive process. Locally elected authorities submit proposals for how they intend to use these funds. If proposals are approved, funds are transferred to the local authorities who are in charge of procurement and implementation. In theory, investment grants should be equally available to all local government units, although the requirement to compete based on proposals means in practice that local authorities with more capacity secure more of these resources than those with less capacity.
24. Albania spends less on education as proportion of GDP than other countries in the region (at 3.5 percent of GDP in 2009), compared with 4.6 percent on average in Eastern Europe although in recent years spending on education has been increasing. In addition, spending per student at primary and secondary levels is among the lowest in the region. In 2005, the population on average had completed 8.6 years of schooling, which is low in comparison with an average of 12 years in the EU-10 countries, and 14 years in the OECD. This is now slowly being reversed as the average expected schooling of those currently entering the education system is 12.2 years (World Bank, 2010b).
25. The outcomes from Albania’s relatively low spending on education are plain in cross country comparisons of educational attainment. A recent review of cognitive skills using student performance on internationally comparable standardized tests (Hanushek and Woessmann, 2009) found that Albania had the lowest score for cognitive skills and only just over 40 percent of students had achieved basic literacy in mathematics and science (20 percentage points less than in Macedonia which is the next lowest). Indeed, in the most recently available set of results from the OECD’s Program for International Student Assessment (PISA), while showing considerable improvement since 2000 when it last took part, Albania still is scoring below expectations for a country of its income level. In 2009, the average score for Albania -despite the 20 points progress from its performance in the PISA 2000- was about 100 points—or 20 percent—below the OECD average, about the same amount below Turkey, and 50 points below Bulgaria.

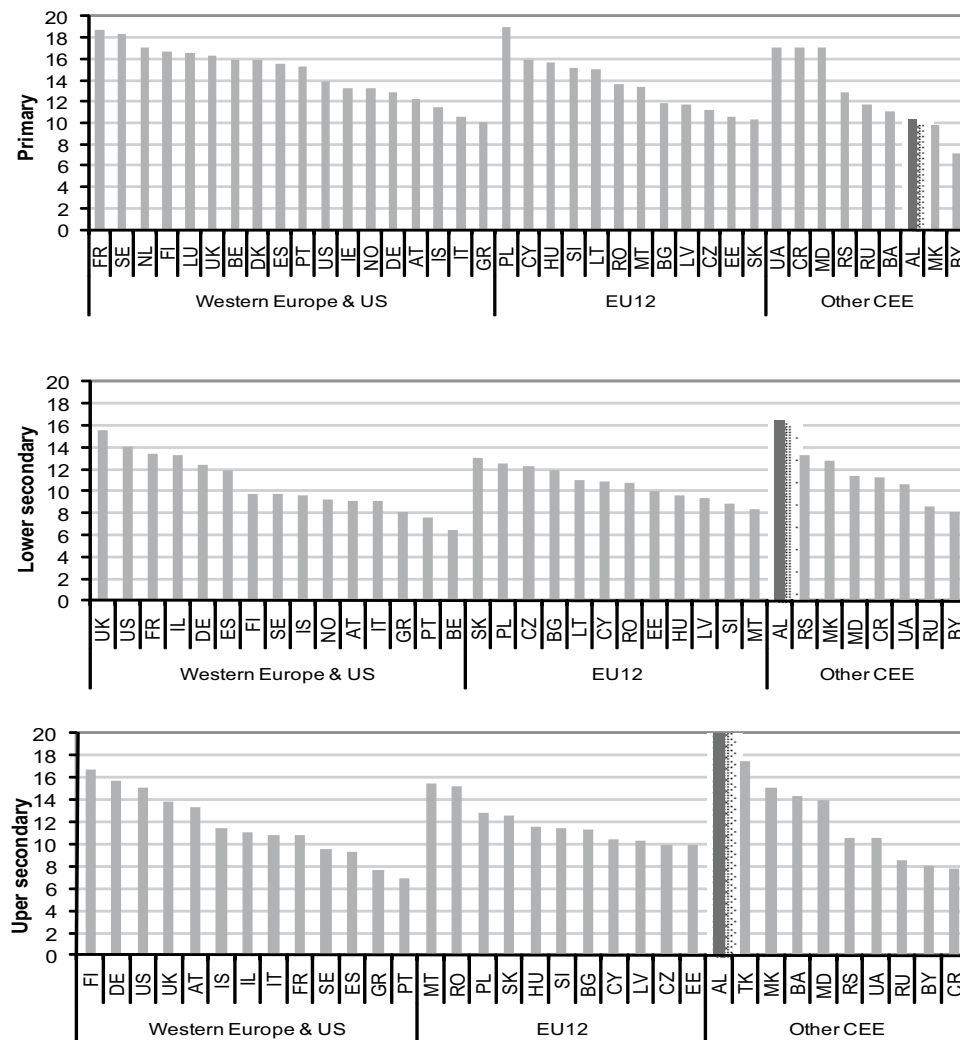
Figure 3. School Performance Across Countries, Controlling for Income



Source: OECD’s Program for International Student Assessment 2009

26. Although teacher salaries make up the largest portion of education sector spending, they have been historically low by national, regional and wider international standards. Pre –university education in Albania is provided almost entirely by the public sector, with very little private provision. Education outcomes and service delivery, therefore, depend heavily on the morale and performance of public school teachers. Between 1989 and 1997 teacher pay declined relative to the average public sector salary. As a consequence of low pay, teacher motivation has been low (Barryman, 2000). The number of teachers with adequate qualification has been decreasing (Cattaneo, 2010), and the pupil-teacher ratio in upper and lower secondary schooling is amongst the highest in Europe (Hazans, 2009). Lack of resources and large class sizes can adversely affect teacher morale, and increase incentives for teachers to offer private tutoring (Kim and Lee, 2001). Thus teachers’ motivations to offer private tutoring has long been a policy concern in Albania’s pre-tertiary education system.

Figure 4. Pupil-Teacher Ratios in Primary and Secondary School, Selected Countries



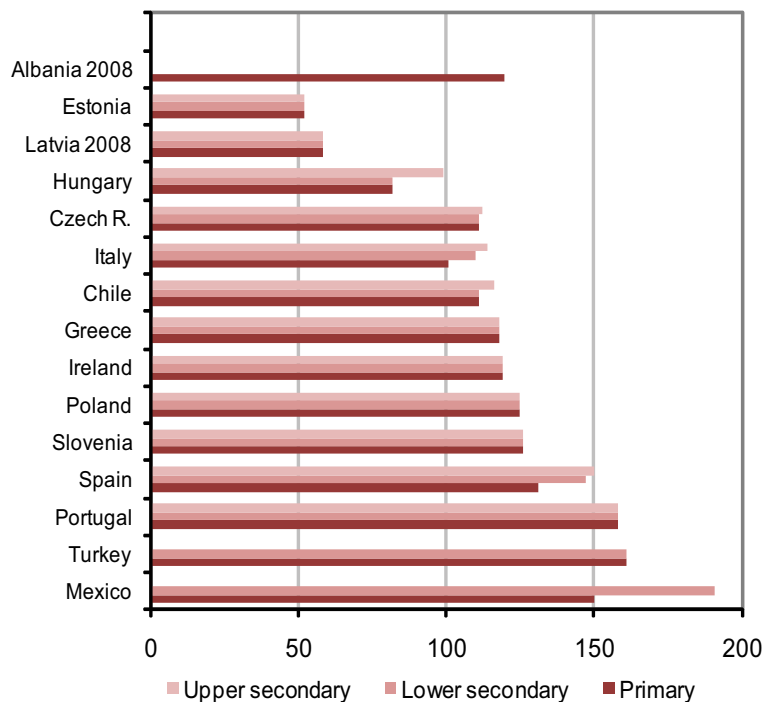
Source: Hazans (2009)

27. Low salaries can translate into low morale, which the authorities suspected has been encouraging teachers to offer private tutoring to their students. Many teachers accept money or gifts from their students for private tutoring, which may translate into higher grades for students

who can afford private payments. However, private tutoring cannot be unambiguously considered a manifestation of weak governance and corruption. Experts debate whether payment for private tutoring is a manifestation of weak governance on the one hand, or on the other, an efficient market outcome in the context of a failing public service. If households are turning to private provision to augment their investment in human capital, or even to compensate for a poorly functioning public education system, widespread private tutoring is both rational and utility maximizing. However, if salaried teachers are shirking their responsibilities in the classroom to make time or create demand for private tuition, or if private payment is in fact a bribe for preferential treatment, there is a clearer case of abuse.

28. The Government sought to remedy the problems stemming from low teacher salaries by introducing reforms to recruitment, compensation and advancement policies. Since 2005, the Government began to increase teacher salaries every year, with the objective of increasing teaching quality and lowering the incentives for teachers to elicit private payment for education services. By 2009 teachers' average monthly salaries had almost doubled since 2005, from Lek 27,336 to Lek 45,560. The Government's policy led to an increase in teachers' average salaries by 67 percent -or 49 percent in real terms- between 2005 and 2009. This change has brought Albania closer to international benchmark indicators on teacher earnings (Figure 5).

Figure 5. Teacher Pay in Albania and Selected Countries
(Annual Earnings as a Percentage of GDP per capita)



Source: Hazans (2009), Team's estimates for Albania

29. In addition to improving teacher pay, the Government has made a substantial effort to increase transparency in the education system, which began with reforms to university entrance exams. Changes to the administration of the university entrance (*State Matura*) and secondary school completion exams were made to curtail widespread instances of bribery and cheating. These reforms sought to increase fairness and transparency in the way that the academic achievement

of students was assessed, by eliminating the factors that created incentives for bribes and corruption. The prior process left considerable room for discretion and manipulation. The exams were administered by the school and its teachers for their own students, often leading to unfair grading by teachers or other interference to inflate performance in exchange for payments from parents.² Given the level of competition for entering tertiary education in Albania, households had strong incentives to bribe to improve test performance and gain access to university. Although there are no official statistics on the prevalence of this problem, the *National Education Strategy of Albania 2004-2015* cites these practices and argues that the prior examination system lacked integrity and public confidence.

30. A new, centralized *National Assessment and Examination Center* was established to carry out independent student assessments and to administer the State Matura examinations. Teachers are no longer allowed to supervise the examination of their own students; exams are administered by teachers from other regions; exam papers are anonymous and randomly coded; and grading is done centrally. Collectively, these changes increase the distance between those who set and grade exams from the students being assessed, and increase the transparency of assessment, which is expected to reduce the incentives and opportunities for bribery.
31. A third major step taken by the Government to improve transparency and governance in the education sector, was designed to eliminate collusion in the procurement of education materials. The Government introduced a radical reform of textbook procurement to improve their quality and reduce prices. Prior to 2003, textbook procurement was centralized, which in an environment of weak governance, encouraged collusion and kept the prices of books high relative to their low quality. Prior to reform, MoES directly organised tenders with printing companies. There was only one textbook chosen for each subject taught in schools. This structure encouraged collusion and inflated printing prices and poor quality..
32. The reform of textbook procurement introduced market discipline to increase the transparency of how prices are set and to improve quality. Since 2006 publishing houses have had to compete to offer textbooks. A commission formed of teachers, Albanian language specialists, and university lecturers, reviews sample textbooks submitted by publishing houses anonymously, and ranks them based on an assessment of quality and price criteria. -A decision is then made as to which textbooks should be -approved. This process usually results in two or three alternative textbooks approved by MoES for a particular subject, which then are printed as samples for all schools. Schools have a choice from among the approved textbooks, and decide which one to pick based on their preferences. The reform was designed to increase competition across publishing houses, and to give more autonomy at the school level. Further, the publishing houses are responsible for delivery, and prices are published to maintain transparency and to prevent gouging by vendors.
33. The Government complemented its reform with a subsidy scheme to directly lower the burden of text book costs on lower-income households. The groups targeted by this scheme include poor families, families with disabled children, and ethnic minorities. Textbook subsidies are paid to cover the difference between the price families pay for textbooks in stores, and the

² Prior to the changes in the State Matura, all gymnasium pupils were given a secondary school certification by sitting in three exams: Albanian language, mathematics and physics. The exam was approved by the Ministry of Education and Science, and the same for students all over the country. However, the exams were administered in each school, and exam papers were marked by school teachers, leaving room for unfair grading in exchange for payment. After finishing secondary school, pupils who aimed at entering higher education just a few months later had to sit on university entrance exams.

amount the government decides to subsidise each year, according to decisions made during preparation of the national budget. For example, in 2008, MoES sought to subsidise 50 percent of the price of the textbooks for basic education, while for secondary education students, the subsidy was only 20 percent. However, for pupils coming from low income families, the government sought to cover 90 percent of textbook prices for students in basic education and 70 percent for students in secondary education. Local authorities are responsible for determining who is eligible for the higher subsidy using an assessment of family income. Families that receive the *Ndihma Ekonomika*, Albania's "last resort" targeted cash transfer, are also entitled to the textbook subsidy.

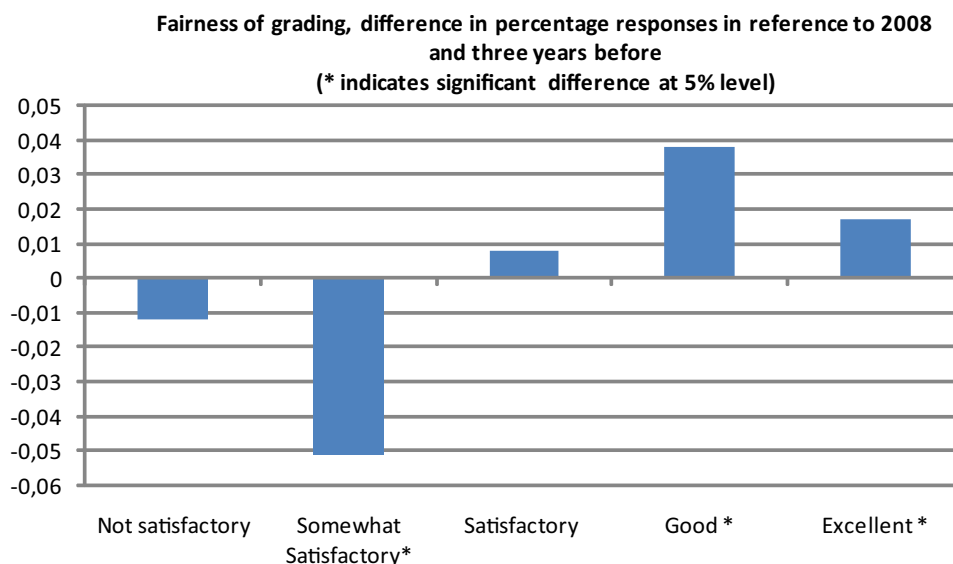
34. The Ministry is also seeking to engage households and communities in demanding greater accountability in order to sustain improved governance. The Ministry would like to strengthen community engagement in local governance structures, such as school boards and parent committees, as well as through measures to increase school autonomy and to make education financing more responsive to the priorities of local stakeholders. These measures are discussed in greater detail in the companion report presenting the results of the *Albania School Stakeholder Survey and Filed Experiment* taken in the autumn of 2009. School boards have been given greater responsibilities for school governance. School principals should no longer be part of school boards, increasing the independence of the boards. The composition of these boards has been changed to give more representation to community members. The boards have been given greater responsibility for monitoring the actions of school administrators, and could eventually play a greater role in the selection of head teachers. There is some interest in providing block grants to schools so that they can decide on their own spending priorities.
35. Currently there is little autonomy or flexibility given to school-stakeholders to determine their needs and to make investments decisions. "Conditional transfers" from the national budget, through REDs, finance major inputs like teacher salaries, training, teaching materials and the textbook subsidy scheme. Local governments have discretion over resources they receive as "unconditional transfers" from the Ministry of Finance, which are intended to cover the costs of utilities and maintenance. To exploit economies of scale, MoES directly procures higher cost items such as equipment for computer and science labs, furniture, , internet connectivity, and national training programs. MoES also manages funds to finance investments which get allocated on a competitive basis to local governments. These resources are used for improvements to schools, new school constructions, rehabilitations, and furniture. A pilot School Improvement Grant (SIG) scheme is being considered by MoES to give greater responsibility directly to school stakeholders (participating on the School Boards) for decisions over resources.

PART III.

PERCEPTIONS & EXPERIENCES OF EDUCATION GOVERNANCE REFORM

36. Motivated by the emphasis placed by the Government on improving governance, as well as by the leadership in this effort shown by the Ministry of Education and Science, World Bank staff and a team of independent researchers worked with MoES to develop special modules that would enhance the Albania LSMS to better capture perceptions of governance in education.³ The new modules were deployed in May 2008 as part of the regular LSMS, and the data were made available to the Bank in October 2009 to examine changes in perceptions of the end-users of services over the three years prior to the survey. Readers interested in the data analysis underlying the discussion in this section, should refer to Statistical Appendix.
37. This section of the report presents both subjective responses to questions about corruption and governance in education, and quantitative indicators of the costs imposed on households by weak governance. The data indicate significant changes during the period of governance reforms in the education sector. It is important to stress, however, that the changes presented in this analysis cannot be directly attributed to any particular reform measure. A rigorous evaluation of governance reforms is beyond the scope of this report, and would require a far greater investment of resources to find common support, particularly as no plans were made by the Government prior to the implementation of reforms to evaluate their impact. This is problem that the Government can now avoid as it considers school autonomy reforms by exploiting the World Bank's investment in the *Albania School Stakeholder Survey and Field Experiment* which is designed to offer baseline data of primary schools.
38. The Government's reforms to improve transparency and governance in the education sector took place mainly in the three year period preceding the 2008 LSMS. The new governance module was designed to capture how households perceived these changes and whether they made a difference to their experience of seeking and receiving services. Respondents were asked about reforms to the administration of the State Matura exam; the introduction of the new market based model of textbook procurement; the textbook subsidy scheme; and how changes in teacher pay are reflected in teaching services.
39. Respondents to the LSMS were generally positive about these measures. For instance, the perceived fairness of grading in the State Matura examination has increased: the share of respondents who report grading to be *good* or *excellent* has risen (Figure 6). A clear majority of parents of students express satisfaction with the State Matura. However, in Table 1 parents still report instances of bribery and corruption in the implementation of the examination. Follow up anecdotes suggest that in some instances the "corruption" to which parents are making reference, takes the form of assistance given to students during the examination, which in rural communities and smaller cities with higher social cohesion is reportedly more socially acceptable, although recognized by respondents as behavior outside the rules.

³ A separate module was developed to capture perceptions and experiences of governance in the health sector.

Figure 6. Changes in Perceived Fairness of Grading of the State Matura

Source: Team estimates using LSMS 2008

Table 1. Parents are More Satisfied with the State Matura, but Problems Still Reported

	%
<i>Are you satisfied with the State Matura programme?</i>	
Yes	71.9
No	28.0
Observations	956
<i>Have you experienced bribery in the implementation of University Entrance Matura exam since sep 2006?</i>	
Yes	52.5
No	47.5
Observations	956
<i>In your opinion how is the situation of corruption in the delivery and grading of State Matura exam?</i>	
Better	42.4
The same	44.7
worse	12.9
Observations	760

Notes: The results in this table are based on LSMS 2008 data only.

Albanian wording of the above survey questions:

Question 1 – A jeni te kenaqur me aplikimin e programit te Matures Shteterore/

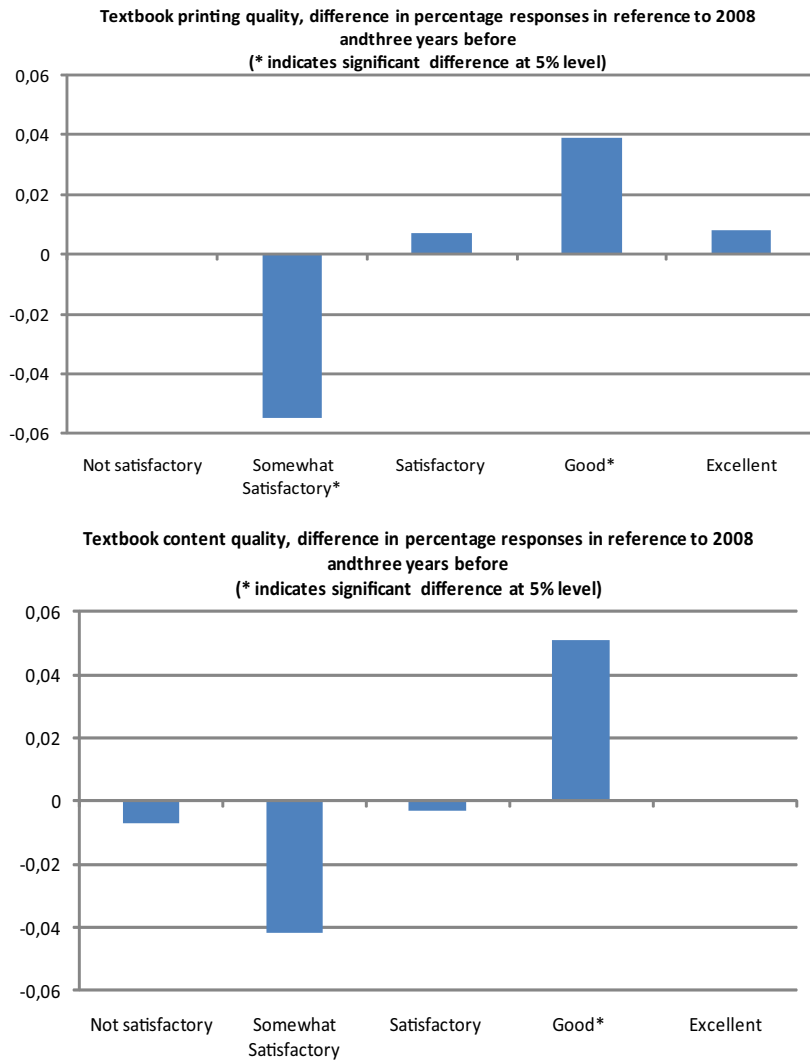
Question 2 – A keni deguar ndonjehere ose keni perjetuar ndonje rast te dhenies se ryshfeti, ose ndonje rast korruptiv per kryerjen e provimit te hyrjes ny universitet (Matura Shteterore) qe nga shtatori 2006?

Question 3 – Sipas jush a eshte situata me mire apo me keq per sa i takon rasteve te korruptionit ne marrjen dhe vleresimin ne provimin e Matures Shteterore qe nga shtatori 2006? Me mire; e njejte; Me keq, nuk e di.

Source: Team estimates using LSMS 2008

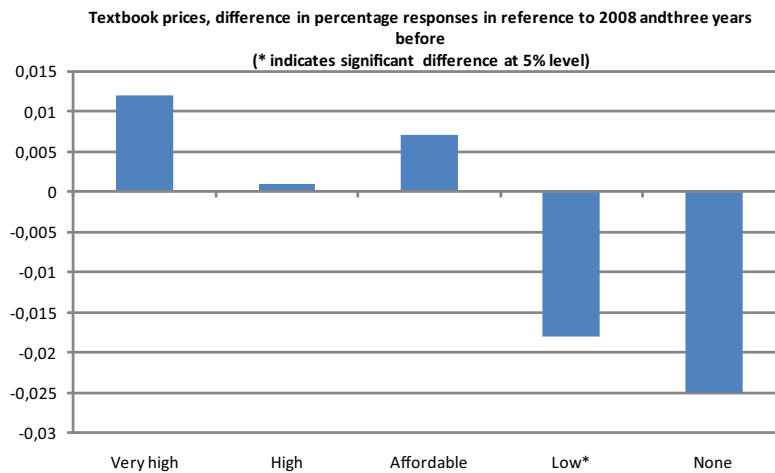
40. Perceptions of the quality and content of school textbooks have also improved (Figure 7, and Appendix Table A.1.2). The share of parents of students who rate the quality of printing and content positively has increased. However, the share that considers the prices they pay for textbooks to be low compared to what was paid three years prior to the survey is smaller.

Figure 7. Perceptions of Changes in Textbook Quality, Printing and Content



Source: Team estimates using LSMS 2008

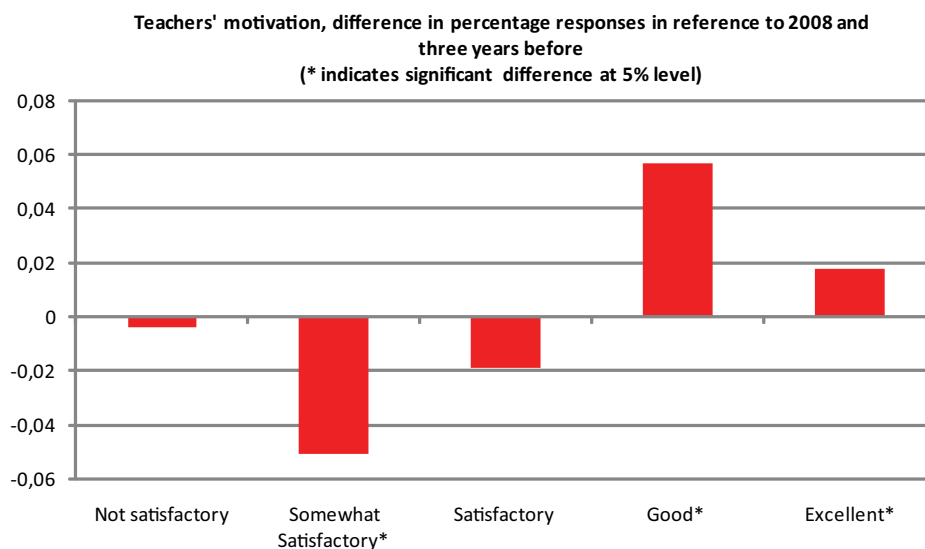
Figure 8. Perceptions of Changes in Textbook Costs



Source: Team estimates using LSMS 2008

41. Parents of students report the greatest improvement in the motivation of teachers (Figure 9, and Appendix Table A.1.3). Responses to the LSMS are consistent with the strong, positive ratings of teachers for their honesty relative to other service providers and public officials, presented earlier in this report. Again, while causality is impossible to establish with the LSMS data alone, the period reflected in parents' responses was that when teacher pay was increasing fastest. As will be discussed in later sections, many factors other than pay contribute to improving teacher motivation. A large body of academic literature argues that other factors are more important in motivating public servants. During this period, the Government's positive emphasis on improving the education sector and the leadership of a strong minister are also likely to have improved morale considerably. However, in Albania's education system where teacher pay was comparatively low for a long period, the recent increases are likely to have had an impact.

Figure 9. Perceptions of Changes in Teacher Motivation



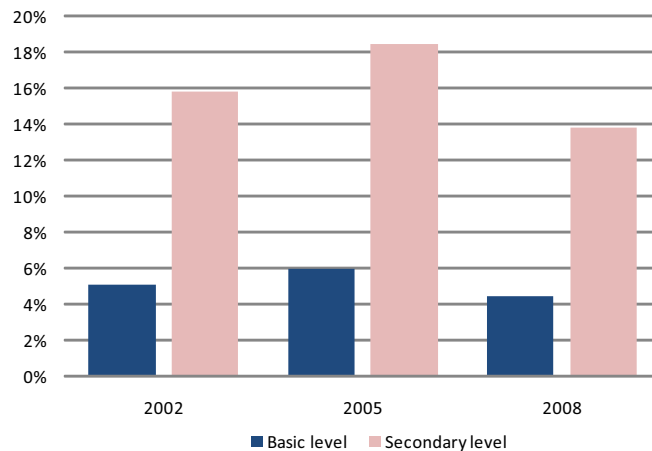
Source: Team estimates using LSMS 2008

42. In the remainder of this section, quantitative indicators of household experiences of weak governance in the education system are reported, including the incidence and cost of private tutoring, the cost of text books (and the incidence of the new textbook subsidy). Key indicators are available that can be tracked from wave to wave of the regularly deployed LSMS from 2002 to 2008, showing changes during a critical period of time when strengthening governance in the delivery of social services became a priority for the Government.

43. As discussed earlier, education sector authorities have been particularly concerned by the phenomenon of private tutoring outside of regular hours of instruction. By order of the Ministry, since 2002 public school teachers are prohibited from offering tuition for private payment to their own students. The restriction is unclear about privately paid tuition to students other than a teacher's own who attend the same school. Since the LSMS was conducted, from February 2010, the Ministry issued an order that schools should provide tutoring hours for the State Matura and university admission courses once per week per subject, but during school program, and up to four times per week per subject from the end of the school program until the exam day.

44. As mentioned already, the academic literature is ambiguous as to whether private tutoring is indeed manifestation of weak governance. Nonetheless, it is enlightening to observe who and how many parents of students are paying for private tutoring, and from whom they are receiving tutoring. While private instruction outside of normal school hours is indeed a valuable household strategy for building human capital, concern is raised when the tutoring is offered by a particular student's own teacher or another teacher in the same school. In poorer communities where teachers exercise substantial authority, this "bad tutoring" increases the opportunities for that authority to be wielded for teachers' personal gain.
45. The evidence that emerges from tracking private tutoring from 2002 to 2008, suggests this is far less of a problem than has been suspected (Figure 10 and Appendix Table A.1.4). In 2008, only 4.4 percent of students in basic (primary) education and 13.8 percent of students in secondary education were paying privately for tutoring. These shares have been declining over time, most sharply between 2005 and 2008 among students in secondary education. The take-up of private tutoring increases with consumption ability, reflecting an expected relatively greater demand for education and building human capital as household wealth increases.

Figure 10. Incidence of Private Tutoring, 2002 – 2008



Source: Team estimates using LSMS 2008

46. Prompting some concern, however, there has been a small increase in the share of students receiving private tutoring from their *own* teacher and from teachers in the same school (Table 2). Since 2002 when 22.5 percent of students receiving tutoring, reported being tutored by their *own* teacher, the share rose to 31.7 in 2005 and then declined to 23.8 in 2008, although still higher than in 2002. As stated previously, it is difficult to determine whether private tutoring is a manifestation of weak governance or the lack of functioning mechanisms with which parents can hold teachers accountable. A good teacher may simply not have sufficient time to give students the attention they need during class hours, attracting demand from parents for tuition outside class hours. However, a bad teacher could shirk their responsibilities during class hours and elicit the same demand for private tutoring. The phenomenon remains ambiguous.
47. The increase in tutoring by an "own-teacher" is observed among students being tutored at the secondary level. The overall decline of tutoring taken up by secondary students could reflect changes in perceived fairness of the State Matura exam and reforms that lower the likelihood teachers can show preferential treatment, either explicitly or implicitly in exchange for payment. However, expectations and behavior are slow to change, and some students (and

parents) may continue to believe they can secure better performance by entering into a private tutoring arrangement with their own teachers.

Table 2. Incidence of Private Tutoring by Provider, 2002-2008

	Overall			Basic education			Secondary education		
	2002	2005	2008	2002	2005	2008	2002	2005	2008
"From whom do you receive private tutoring?"	%	%	%	%	%	%	%	%	%
Own teacher	22.56	31.79	23.87	18.54	34.41	17.17	29.07	35.21	32.67
Teacher in the same school	34.21	27.44	34.23	34.44	31.18	36.36	33.72	21.13	32.67
Teachers outside school	40.98	40	41.89	43.05	33.33	46.46	37.21	42.96	34.65
Friends/relatives	2.26	0.77	0	3.97	1.08	0	0	0.7	0

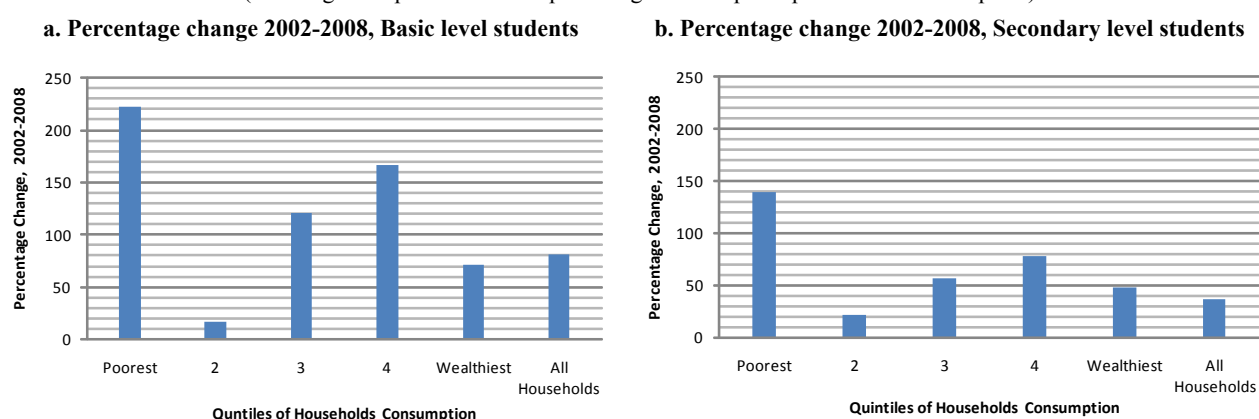
Note: LSMS 2002, 2005 and 2008 data

Source: Team estimates using LSMS 2008

48. Further, to the extent that private tutoring, “good” or “bad”, is a measure of the failure of the public education system to provide the services people seek, then the cost of that failure is a relatively greater burden on Albania’s poorer households. For the minority of basic and secondary education students who take up private tutoring, the tutoring costs paid by the poorest (measured in real terms, as a share of what households spend per person annually) rose for students in all households, but by the greatest extent for students in the poorest households (Figure 11 and Appendix Table A.1.6). At the basic education level, households in the poorest quintile paid Lek 296,190.47 per student for private tutoring in 2008, as compared to Lek 86,472.70 per student in 2002. At the secondary level, households in the poorest quintile paid Lek 214,335 per student on tutoring in 2008 up from 84,229 per student in 2002 (all figures in 2002 Lek). As a share of what households spent per student on education in total, spending on private tutoring rose between 2002 and 2008 for respondents in quintiles 1 and 3, and between 2005 and 2008 between quintile 2.

Figure 11. Change in Household Spending on Private Tutoring as a Share of Total Spending, 2002-2008

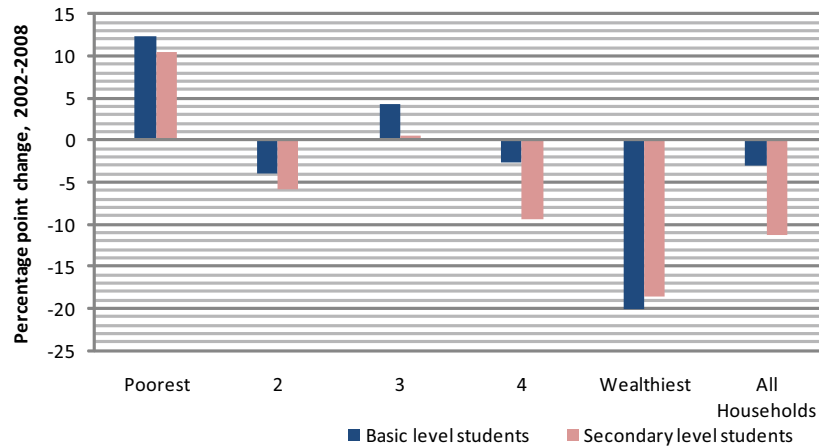
(Tutoring costs per student as a percentage of total per capita annual consumption)



Source: Team estimates using LSMS 2008

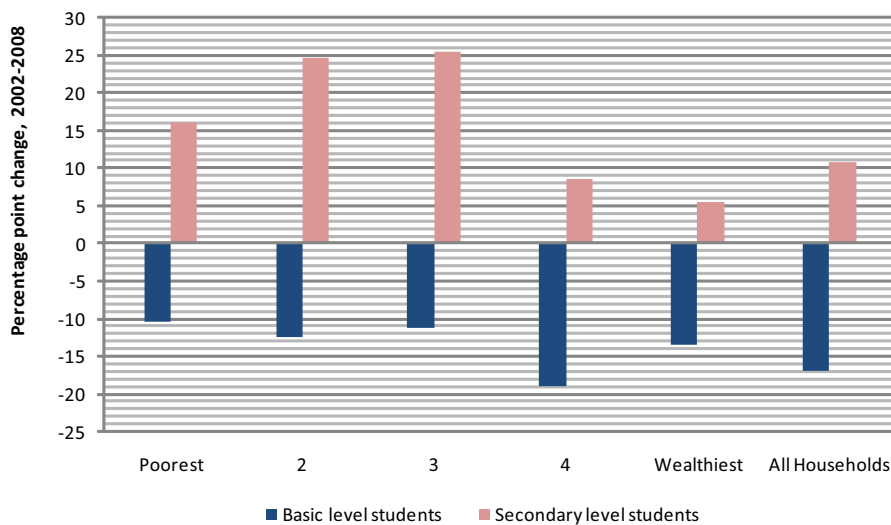
Figure 12. Change in Household Spending on Private Tutoring as a Share of Education Spending, 2002-2008

(Change in spending on tutoring per student as a share of total per student education spending)



Source: Team estimates using LSMS 2008

49. Turning to school textbooks, the data show that spending on textbooks fell as a share of per-student spending on education for households with students in basic education, but rose for those with students in secondary education (Figure 13). When examined across households in different consumption levels, the reduction in textbook spending for students in basic education was proportionately greater in wealthier households (Figure 14, and Appendix Table A.1.7). Similarly, the increase in textbook spending at the secondary level was proportionately larger for the first three quintiles of the consumption distribution. The change in textbook costs for households seems to have favored households who are already better off.

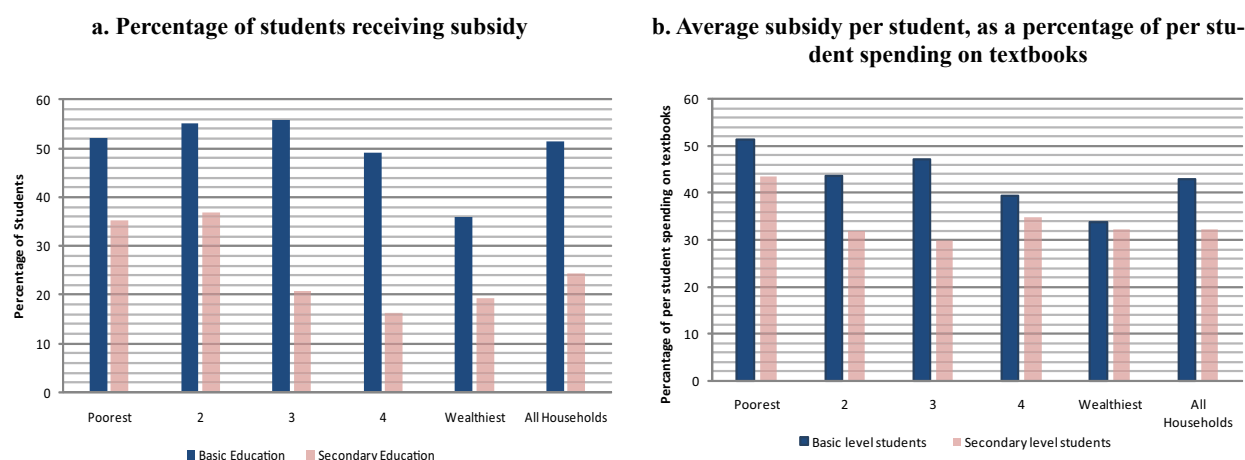
Figure 13. Household Spending on School Textbooks as a Share of Total Education Spending Per Student

Source: Team estimates using LSMS 2008

50. The Government's new textbook subsidy scheme was introduced to mitigate the change in text book prices for poor and vulnerable households with students. The LSMS data showing reported spending on textbooks before and after the textbook subsidy show that the scheme has had an important impact in reducing the burden of text-book costs. And this impact has

been progressive, in that the reduction has been greatest for the poorest households (Table 4 and Appendix Table A.1.8). However, the progressivity is less than might be expected given the targeted nature of the subsidy, and could indicate a need for refinement of how the subsidy is delivered. Improvements planned in targeting the *Ndihma Ekonomika* are likely to increase the progressivity of the textbook subsidy in future.

Figure 14. Coverage and Importance of Textbook Subsidies



Source: Team estimates using LSMS 2008

Table 3. Distribution of Spending on Textbook Subsidies in 2008

Quintile of Consumption	Basic level		Secondary level	
	Total sum of subsidies in LEK going to	Share of subsidies going to	Total sum of subsidies in LEK going to	Share of subsidies going to
Poorest	351,021,266.6	23.9	55,284,624.4	14.9
2	369,856,383.7	25.3	85,390,214.9	23.0
3	354,151,458.9	24.2	61,795,284.2	16.7
4	252,708,815.8	17.3	61,638,611.2	16.0
Wealthiest	136,353,463.0	9.3	106,385,141.8	28.7
Total	1464091388	100%	370493876.6	100%

Source: Team estimates using LSMS 2008

PART IV.

CONCLUSIONS THAT INFORM POLICY

51. It is important once again to point out that the data from the new LSMS module cannot be used to establish causal links with which to judge the outcomes of the key education-sector governance reforms since 2005. However, as has been shown in earlier sections, the data provide valuable feedback to the Government, and insights that could help to improve governance and performance further. This is important for policy makers to keep in mind, since the task of improving performance through improved governance in the education sector is ongoing.
52. The Government's efforts to increase the transparency of the State Matura university entrance exam have clearly been positively assessed by parents. The majority of respondents to the LSMS think that the accuracy and fairness of grading has increased. The data also indicate that -the Government's concerns notwithstanding- the incidence of private payment for tutoring from teachers is relatively rare, and has been falling during the period of rising teacher wages, and improvements to the impartiality and transparency of student assessment. For policy makers concerned that teachers suffering from low morale could be using their position to elicit demand for preferential treatment in the form of tutoring, this finding is good news. This said, the real cost of tutoring has also risen since 2002, and risen most for the poorest households.
53. The Government's efforts to improve the procurement of school textbooks, is also held in high regard by parents. A centralized and opaque system of procurement allowed collusive practices to flourish that eroded quality and inflated prices. The replacement of this system with a more market-based model that forces greater transparency and offers more choices to teachers and parents has been generally very well received. Parents rate the quality of content and printing highly, although they also report these improvements come at higher prices.
54. However, a subsidy program introduced by the Government mitigates the cost of school textbooks, and reduces the burden of spending most for the poorest households with students. This finding notwithstanding, the progressive impact of the text-book subsidy could be improved. Expected improvements to the targeting mechanism used to determine eligibility for Albania's main social assistance transfer, the *Ndihma Ekonomika*, are likely to lead to an improvement, as the same eligibility criteria are used to identify many of the households that the Government seeks to help with the subsidy. This said, in addition to improvements to targeting, changes to how the subsidy is structured and paid –currently, a reimbursement of incurred textbook expenses, that puts the full burden of the transactions costs on parents- could improve the progressive impact of the program, particularly in remote areas where flows of information between REDs, book sellers and households are not as smooth.
55. The findings in this report can be synthesized into three main implications to guide policy that are consistent with the conclusions of the Albania Country Governance Review.
56. First, changes to institutions that shift importance away from discretion and reliance on personal connections, towards uniformly applied, clear standards are likely to be welcomed for bringing greater credibility and fairness. The positive assessment of the State Matura reform is an example of this that bodes very well for the Government's more recent decision to introduce centrally administered, anonymous student evaluation at the end of basic education (year 9).

57. Second, improvements quality can be had from introducing more market forces in the procurement of inputs. The improvements in quality that have come about from giving teachers more choice over the selection of text books, and the introduction of market-competition to textbook procurement, provide lessons that can be applied to similar reforms in how other education inputs are procured.
58. Third, transparency and the availability of information are critical to improving governance through greater accountability. The Government's reforms in the education sector have a common feature: transparency. The World Bank's Governance Review and the Country Economic Memorandum cite international experience indicating that when performance is observable by stakeholders, incentives and mechanisms to improve are more easily generated. This report has presented evidence of a positive response to the greater transparency in the education sector brought about in the last few years. Further response could come from the publication of the Matura examination results (and the new end-year 9 exam results) by for each region and school in a manner that would allow the comparison of the performance of schools and regions. Hopefully, students and their families would become aware of differences in quality and opportunity, and apply pressure to reform poorly performing schools.
59. The Ministry of Education and Science is seeking to further improve governance by strengthening parent and community engagement in participatory accountability structures. The Ministry has implemented reforms designed to strengthen the independence of school boards and parent committees, and is considering measures to increase school autonomy as well as make education financing more responsive to the priorities of stakeholders. To create an enabling environment for greater parent and community engagement in school governance, the composition of school boards has been changed so that school principals should no longer be part of the boards, and that parents and community members have more representation and voice. The boards have been given greater responsibility for monitoring the actions of school administrators, and could eventually play a role in the selection of head teachers.
60. Stakeholder demand for accountability is explored in the results of the Albania School Stakeholder Survey and Lab-type Experiments, fielded in the Autumn of 2009, and presented in Serra, Barr and Packard (2011). The survey provides critical information on the existence and functioning of the participatory accountability structures – school boards – that the authorities are trying to empower. The survey found that contrary to MoES directives, in about 30 percent of schools, the school director still participated in school board meetings and expressed his or her vote. There were no significant differences in this indicator between rural and urban schools. Encouragingly, in about 81 percent of the schools, according to the answers of parent school board members, parent representatives were elected by parents rather than appointed by teachers; and in 43 percent of the schools teacher school board members were elected by teachers rather than appointed by the school directors. However, these proportions were significantly higher in urban schools as compared to rural schools.
61. The school stakeholder survey revealed that the variation in how school boards were composed was accompanied by substantial differences in the extent to which parents were informed about school governance. About 43 percent of the parents did not know school boards existed, and 28 percent did not know that there were class parent representatives. Only about 80 percent of parents who were informed about the existence of the school boards knew that there were parent members, and of these, 72 percent did not know their names. Only half of parents report participating in electing parent class representatives, and about 70 percent of

those who did not participate were unaware either of the existence of parent class representatives or of the fact that they should be elected by parents. Moreover the survey found that even among parents who participated in electing parent class representatives, knowledge of the school boards and their responsibilities was low. This indicates that information problems are severe, even among parents who are participating in school governance in some way. The lack of information among parents captured by the survey was more severe in rural schools than in urban schools.

62. The lab-type behavioral experiments were designed to answer the question: *If parents were better informed about participatory school accountability structures, would they participate in holding schools and teachers to account?* Not surprisingly, in the games parents' decision to forgo personal resources to hold teachers to account (to fine) was more likely among wealthier and better educated parents. Unexpectedly, parents who participate in actual school accountability structures (as parent class representatives or on school boards) were no more likely to engage in fining in the game. Further parents who were less informed about the schools their children attended were no less willing to participate in fining in the games. However, the extent to which participating parents held teachers accountable in the games depended significantly on whether the *de jure* participatory structures – parent class representatives and school boards - have been *de facto* compromised. Specifically, parent class representatives on the school boards that had been appointed to their position by teachers, rather than elected by parents, were significantly less demanding of teachers when they observed teachers behaving selfishly in the games. Moreover, parents who perceived irregularities and malfeasance in the appointment of teachers were significantly more demanding of teachers in the game.
63. These findings from the Albania School Stakeholder Survey and Field Experiment should encourage MOES to further pursue empowering participatory accountability structures.
- First, the degree to which the parents of primary school students in Albania are willing to participate in the game bodes well for the Government's objectives of increasing parent engagement in school accountability and governance structures. This is good news for the Government, and supportive of the steps it has taken and is still planning to strengthen school governance and autonomy.
 - Second, the quality of accountability structures and how school governance is perceived matters to parents' decisions to become involved. This should underscore to the authorities the importance of monitoring implementation of the school governance reforms to ensure *de facto* departures from their design and intent are minimized.
 - Third, there is considerable scope for improving the degree to which parents are informed about the school governance reforms and how they can now assume a more active role in holding teachers and school administrators to account. This lack of information is found even among parents who are currently participating as elected class representatives.

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STATISTICAL APPENDIX 1

Perceptions of Governance and Household Expenditure for Education

Albania LSMS Spring-Summer 2008

Table A.1.1 Household Perceptions of Changes in the State Matura Examination

(a) Reported fairness in grading of the State Matura has increased

	Not satisfactory	Somewhat Satisfactory	Satisfactory	Good	Excellent
	%	%	%	%	%
<i>Fairness in grading exams</i>					
current	0.073	0.198	0.315	0.362	0.052
three years ago	0.085	0.249	0.307	0.324	0.035
proportion difference	-0.012	-0.051	0.008	0.038	0.017
statistical significance of difference (5% level)	No	Yes	No	Yes	Yes

(b) Parents express greater satisfaction, yet some problems are still reported

	%
<i>Are you satisfied with the State Matura programme?</i>	
Yes	71.9
No	28.0
Observations	956

Have you experienced bribery in the implementation of University Entrance Matura exam since sep 2006?

Yes	52.5
No	47.5
Observations	956

In your opinion how is the situation of corruption in the delivery and grading of State Matura exam?

Better	42.4
The same	44.7
worse	12.9
Observations	760

Notes: The results in this table are based on LSMS 2008 data only.

Albanian wording of the above survey questions:

Question 1 – A jeni te kenaqur me aplikimin e programit te Matures Shteterore/

Question 2 – A keni deguar ndonjehere ose keni perjetuar ndonje rast te dhenies se rryshfeti, ose ndonje rast korruptiv per kryerjen e provimit te hyrjes ny universitet (Matura Shteterore) qe nga shtatori 2006?

Question 3 – Sipas jush a eshte situatë me mire apo me keq per sa i takon rasteve te korrupsionit ne marrjen dhe vleresimin ne provimin e Matures Shteterore qe nga shtatori 2006? Me mire; e njejte; Me keq, nuk e di.

Source: Team estimates using LSMS 2008

Table A.1.2. Household Perceptions of School Textbooks

		Not satisfactory	Somewhat Satisfactory	Satisfactory	Good	Excellent
		%	%	%	%	%
<i>Textbook quality (printing)</i>						
	Current	0.119	0.247	0.324	0.285	0.024
	Three years ago	0.119	0.302	0.317	0.246	0.016
	Proportion difference	0	-0.055	0.007	0.039	0.008
	Significance of difference (5% level)	No	Yes	No	Yes	No
<i>Textbook quality (content)</i>						
	current	0.094	0.233	0.315	0.334	0.023
	three years ago	0.101	0.275	0.318	0.283	0.023
	proportion difference	-0.007	-0.042	-0.003	0.051	0
	Significance of difference (5% level)	No	Yes	No	Yes	No
<i>Textbook costs</i>						
	Current	0.206	0.331	0.269	0.049	0.144
	Three years ago	0.194	0.33	0.262	0.067	0.169
	Difference	0.012	0.001	0.007	-0.018	-0.025
	Significance of difference (5% level)	No	No	No	Yes	No

Notes: The results are based on LSMS 2008 data only

Source: Team estimates using LSMS 2008

Table A.1.3. Household Perceptions of Teacher Motivation

		Not satisfactory	Somewhat Satisfactory	Satisfactory	Good	Excellent
		%	%	%	%	%
<i>Teachers' motivation</i>						
	Current	0.075	0.206	0.295	0.38	0.045
	Three years ago	0.079	0.257	0.314	0.323	0.027
	Proportion difference	-0.004	-0.051	-0.019	0.057	0.018
	Significance of this difference (5% level)	No	Yes	No	Yes	Yes

Source: Team estimates using LSMS 2008

Table A.1.4. Incidence of Private Tutoring, 2002 – 2008

<i>Panel A: Basic education</i>						
Quintiles of Consumption	2002		2005		2008	
	Number of pupils	Percentage	Number of pupils	Percentage	Number of pupils	Percentage
1	577	0.43%	417	0.36%	1257	1.26%
2	2156	1.92%	2164	2.08%	3494	3.21%
3	5580	5.20%	6391	6.06%	4514	4.83%
4	7489	8.75%	8792	9.86%	3943	5.16%
5	9900	14.81%	10574	17.45%	5870	11.89%
Total	25703	5.07%	28338	5.98%	19078	4.46%
<i>Panel B: Secondary education</i>						
Quintiles of Consumption	2002		2005		2008	
	Number of pupils	Percentage	Number of pupils	Percentage	Number of pupils	Percentage
1	554	5.12%	234	1.38%	563	2.91%
2	1110	5.69%	3653	13.64%	2379	8.50%
3	3005	13.10%	3414	11.10%	2935	9.32%
4	3994	17.72%	9371	28.75%	7104	20.27%
5	6732	31.13%	10263	26.49%	7708	21.46%
Total	15393	15.80%	26935	18.47%	20688	13.81%

Note: Population numbers derived using survey weights in LSMS 2002, 2005 and 2008.

Source: Team estimates using LSMS 2008

Table A.1.5. Incidence of Private Tutoring by Provider, 2002-2008

	Overall			Basic education			Secondary education		
	2002	2005	2008	2002	2005	2008	2002	2005	2008
“From whom do you receive private tutoring?”	%	%	%	%	%	%	%	%	%
Own teacher	22.56	31.79	23.87	18.54	34.41	17.17	29.07	35.21	32.67
Teacher in the same school	34.21	27.44	34.23	34.44	31.18	36.36	33.72	21.13	32.67
Teachers outside school	40.98	40	41.89	43.05	33.33	46.46	37.21	42.96	34.65
Friends/relatives	2.26	0.77	0	3.97	1.08	0	0	0.7	0

Note: LSMS 2002, 2005 and 2008 data

Source: Team estimates using LSMS 2008

Table A.1.6. Household Spending on Private Tutoring, 2002-2008

Basic Education: Tutoring Costs as Proportion of Per Student Education Spending				Per Student average expenditures on tutoring		
Quintiles of Consumption	2002	2005	2008	2002	2005	2008
1	0.780	0.822	0.903	86472.70	87031.64	296190.47
2	0.881	0.745	0.841	208652.55	82326.52	256530.47
3	0.816	0.805	0.858	148692.43	145536.95	337742.65
4	0.772	0.804	0.745	115731.11	183364.27	308253.54
5	0.776	0.650	0.576	187273.71	295940.82	309450.03
Total	0.828	0.814	0.798	157583.58	207706.47	305331.30
Secondary Education						
Quintiles of Consumption	2002	2005	2008	2002	2005	2008
1	0.684	0.650	0.789	84229.1347	112964.89	214335.06
2	0.786	0.723	0.727	149618.410	169964.85	191110.02
3	0.715	0.630	0.720	116107.858	152779.25	187676.51
4	0.712	0.636	0.619	164056.076	254721.68	291066.52
5	0.791	0.646	0.605	361323.243	357034.95	513564.85
Total	0.798	0.686	0.686	237050.430	268053.743	345718.42

Note: All expenditures are expressed in 2002 prices

Source: Team estimates using LSMS 2008

Table A.1.7. Household Spending on School Textbooks as a Share of Total Education Spending Per Student

Basic Education: Textbook costs, Proportion of total education spending per student					Secondary Education: Textbook costs, Proportion of total education spending per student				
Quintiles of Consumption	2002	2005	2008	Difference 2002-2008	Quintiles of Consumption	2002	2005	2008	Difference 2002-2008
1	0.489	0.235	0.385	-0.104	1	0.141	0.294	0.302	0.161
2	0.416	0.198	0.292	-0.124	2	0.087	0.334	0.334	0.247
3	0.377	0.182	0.265	-0.112	3	0.096	0.237	0.351	0.255
4	0.355	0.224	0.165	-0.190	4	0.077	0.196	0.162	0.085
5	0.234	0.097	0.100	-0.134	5	0.042	0.135	0.096	0.054
Total	0.371	0.161	0.201	-0.170	Total	0.058	0.196	0.166	0.108

Source: Team estimates using LSMS 2008

Table A.1.8. Household Spending on School Textbooks, Before and After Subsidies

(Spending as a share of total education spending per student, and actual expenditure in Lek)

		<i>Subsidies not deducted</i>	<i>Subsidies deducted</i>	Expenditures - subsidies not deducted	Expenditures - subsidies deducted	Percentage difference
Basic education						
(by HH Quintiles)						
	1	0.037	0.018	12277.63	5972.68	-51.4
	2	0.047	0.026	14203.02	8021.63	-43.5
	3	0.038	0.020	14810.39	7813.46	-47.2
	4	0.042	0.026	17415.27	10541.1	-39.5
	5	0.043	0.029	22833.70	15109.04	-33.8
Total		0.051	0.023	15501.293	8850.891	-42.9
Secondary Education						
(by HH Quintiles)						
	1	0.064	0.036	17306.517	9778.817	-43.5
	2	0.091	0.062	23948.214	16322.06	-31.8
	3	0.098	0.069	25589.293	17966.34	-29.8
	4	0.062	0.040	29052.328	18924.79	-34.9
	5	0.038	0.026	32150.651	21772.09	-32.3
Total		0.052	0.035	26377.362	17848.07	-32.3

Note: All expenditures are expressed in 2002 prices

Source: Team estimates using LSMS 2008